

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6363

BILL NUMBER: HB 1049

DATE PREPARED: Nov 17, 1998

BILL AMENDED:

SUBJECT: Full day kindergarten.

FISCAL ANALYST: Mark Goodpaster

PHONE NUMBER: 232-9852

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill has the following provisions: (A) It provides that school corporations must provide full day kindergarten. (B) It provides that a kindergarten student counts as one student rather than one-half of a student for purposes of state distributions to school corporations. (C) It makes conforming changes.

Effective Date: July 1, 1999; March 1, 2001.

Explanation of State Expenditures: Provision A: When school corporations implement full day kindergarten they are likely to hire new teachers. To the extent that these new teachers will attend the Beginning Teacher Internship Program, the state will pay \$600 per mentor for each teacher that the mentor supervises. If 1,400 to 2,000 new teachers will need to enroll in the Beginning Teacher Internship Program, the added costs could range between \$840,000 and \$1.2 million.

Provision B would increase the costs to the school funding formula. School corporations would be required to offer full day kindergarten but children would not be required to attend kindergarten for a full day. The added costs will depend on the extent to which children attend a full day program. For purposes of this fiscal note, it is assumed that all children of kindergarten age will attend a full day program.

Since it is not known what components will be included in the school funding formula after the 1999 General Assembly, this analysis represents the expenditures that would be generated by the school funding formula as it is currently written.

The number of students who would be counted in the Average Daily Membership, which is used to determine state support, would include two groups: (1) those children who were enrolled in the state's 294 school corporations in the 1998 school year and (2) those children who are either enrolled in kindergarten programs in nonpublic schools or those who are not enrolled in any program who might attend full day kindergarten.

Overall, the ADM would increase by 44,450 in the first year and by 44,779 in the second year.

The following table illustrates the additional costs to the State General Fund if all school corporations in the state implement full day kindergarten and all children who are currently enrolled in kindergarten programs in public schools were to attend on a full day basis.

<u>Funding Category</u>	<u>First Year</u>	<u>Second Year</u>
State Regular Tuition Support	\$152,184,995	\$173,002,805
At Risk Funding	\$1,707,135	\$1,807,076
Growing Enrollment	<u>\$47,721,043</u>	<u>\$357,568</u>
Total State Costs:	<u>\$201,613,173</u>	<u>\$175,167,449</u>

Primetime expenditures and transportation costs would likely increase as well. Both of these costs will be updated once additional information is available.

Currently it appears that expenditures generated for school corporations by the school funding formula will exceed the estimated costs as outlined below. Consequently the General Assembly would likely alter the school funding formula to make the expenditures more closely match these anticipated costs.

Explanation of State Revenues:

Explanation of Local Expenditures: Passage of this bill will increase the costs to the school corporations for additional teachers, classroom space, added utility and maintenance costs and transportation costs.

For purposes of this analysis, it is assumed that **all** school corporations will offer full day kindergarten and that **all** children of kindergarten age will enroll in the full day programs. The following analysis is based on the costs of school corporations which currently do not provide full day kindergarten incurring additional expenses of teachers, classrooms, maintenance and utility expenses and transportation costs. ***It does not include the ongoing costs of school corporation who are already providing full day kindergarten for their some or all of their students.***

The Estimated Number of Children: Kindergarten children would likely come from two distinct populations: those who are currently enrolled in half day kindergarten programs in public schools and those who are either enrolled in kindergarten programs in nonpublic schools or those who are not enrolled in any program who might attend full day kindergarten. The following estimates are shown below:

1) Children in Public Schools: DOE reported that 72,941 children were enrolled in a kindergarten program in a public school during school year 1997-98. Of these, an estimated 8,317 or 11% of the kindergarten students are enrolled in full day programs.

2) Children enrolled in nonpublic kindergarten might attend public kindergarten if a full day program is offered in their school corporation. LSA estimates this number as the difference between first grade enrollment in school year 1998 and kindergarten enrollment in school year 1997. The difference is 8,200 students.

The costs associated with full day kindergarten are based on the following categories:

Added Teachers: Unknown variables include the class size, the mix of teachers and teaching assistants and the salary levels that would be paid to these teachers. Because of these unknowns, the analysis includes a range of assumptions concerning class size and salary levels based on current information that is available. Depending on the class size, the number of additional teachers that will be needed could range between 1,400 and 2,120. The number of teaching assistants will also depend on the class size and the extent to which school corporations include teaching assistants.

The additional costs for teachers in this analysis assume class size ranges from 22 children per teacher with an additional aid and 18 children per teacher with no aid. Teacher salaries are assumed to range between \$36,463 and \$37,085 including benefits. The total costs for added teachers and aides will range between **\$64.5 and \$78.4 million in the first year.**

Added Classrooms: Depending upon whether school corporations have growing or declining enrollments, schools may need to build additional classrooms. Adjusting for students in declining enrollment school corporations and for students already enrolled in full day programs, the additional number of classrooms needed could range between 1,500 and 1,900. LSA staff examined 28 construction projects and found that the average cost per square foot was an estimated \$100. Besides the construction costs, the costs of classroom furnishings (including desks, tables and filing cabinets) were an estimated \$5,000. These classroom furnishings were included in the classroom costs. These costs are amortized over a 20 year period at 5.4% interest. The annual costs are projected to range between **\$9.9 and \$12.8 million.**

Added Maintenance and Utility Expenses: School corporations with new buildings would incur added utilities and maintenance expenses. To estimate these costs, 13 new facility appeals that were filed with the State Board of Tax Commissioners were examined and an average cost per square foot was estimated. This average cost per square foot was then multiplied by the additional square footage that would be added by the new classrooms that would be built. The added costs for school corporations is projected to range between **\$2.2 and \$5.45 million annually.**

Transportation Costs: The added costs for transportation will depend on whether school corporation provides transportation to their students and whether they already provide 2 way transportation. Most school corporations (210) provide only one way transportation to their kindergartners. Sixty-seven school corporations provide only two way transportation. Ten school corporations provide both one and two way transportation. Five school corporations provide no transportation. School corporations serving rural or small town areas and currently providing one way transportation would likely either need to add additional school buses or more route miles if they were to provide two way transportation to accommodate additional kindergartners. The added costs are estimated to range between **\$1.4 and \$3.3 million** annually, assuming that school corporations which already provide either no transportation or 2 way transportation would incur minimal if any additional expenses.

Summary of Costs: The following table shows the what the costs could range between if all school corporations implement full day kindergarten in the next year.

<u>Cost Components</u>	<u>low</u>	<u>high</u>
Classrooms	\$9,996,333	\$12,833,761
Utilities & Maintenance	\$2,223,018	\$5,452,730
Teachers	\$64,575,418	\$78,473,595
Transportation	<u>\$1,457,177</u>	<u>\$3,331,470</u>

Estimated Costs: **\$78,251,946** **\$100,091,556**

The Department of Education surveyed school corporations concerning their plans to offer full day kindergarten if a kindergartner who was enrolled in full day kindergarten was counted as one rather than one-half for ADM (Average Daily Membership) calculation purposes. Based on the 250 school corporations who responded, the following enrollment projections were made:

<u>School Year</u>	<u>full day</u>	<u>half day</u>
1998-1999	11%	89%
1999-2000	76%	24%
2000-2001	81%	19%
2001-2002	83%	17%
2002-2003	85%	15%

Explanation of Local Revenues: Provision B: Levy support for school funding formula would be reduced by \$390,000 in the first year and by \$12.7 million in the second year.

State Agencies Affected: Department of Education, Professional Standards Board.

Local Agencies Affected: School Corporations.

Information Sources: Department of Education Data Bases, State Board of Tax Commissioners, Indiana School Boards Association, IC 20-6.1-8.